



## CALIFORNIA BOARD OF ACCOUNTANCY

### ISSUE PAPER REGARDING ADOPTING NEW FEE LEVELS TO COMPLY WITH MANDATES

August 31, 2005

#### ISSUE

The Accountancy Act mandates that the California Board of Accountancy (Board) complies with a number of requirements related to fees that the Board charges for the services it provides to stakeholders. Statutes require that a number of such fees be fixed by the Board at levels necessary to recover the actual costs of providing the service for which the fee is assessed. Another mandate, focused on the biennial renewal fee, indicates that this fee is to be fixed so that, together with other revenues "the reserve balance in the board's **contingent fund** shall be equal to approximately nine months of annual authorized expenditures".

This issue paper presents an analysis of all major fees paid to the California Board of Accountancy. As an outcome of this analysis staff recommends that the Board consider the following actions related to various fees charged to its stakeholders.

- Reduce biennial renewal fees from the current \$200 level to \$100 for four years.
- Restore biennial renewal fees to \$200 effective July 1, 2010.
- Be prepared to raise the biennial renewal fee earlier than July 1, 2010 should such action be necessary based on future staff assessment of contingency fund reserves.
- Continue current examination fee levels until three years of revenue data is available under computer-based testing before deliberating any fee action in this program.
- Increase license issuance and firm registration fees from \$250 to \$425.
- Eliminate the statutory "tie" between the Practice Privilege fee and the biennial renewal fee, fixing the Practice Privilege fee at \$100.

#### BACKGROUND

##### *The Law*

Section 5134 of the Business and Professions (B&P) Code mandates fee amounts that the Board may charge for certain services it provides to stakeholders. Excerpted from the B&P is information relevant to the fee issues being addressed in this document, as follows:

<u>Date</u>	<u>Fee Change</u>
April 1995	From \$200 to \$175
July 1996	From \$175 to \$100
March 1998	From \$100 to \$50
July 2000	From \$50 to \$200

The challenge to achieving compliance with B&P Code Section 5134 (f), specific to "fixing" the biennial renewal fee, stems from fluctuating expenditure levels and outside influences on the Fund. Below are a few "key events" that occurred over the past decade, which have necessitated continued revisions to the renewal fee. There is also a current situation that will have a significant impact on Board revenues in the future.

- In FY 1991-92, the State of California (State) borrowed \$7.4 million from the Fund.
- During FY 1998-99 the Board received \$5 million repayment for monies borrowed by the State in fiscal year 1991-92.
- In FY 1999-00 the Board submitted a \$969,000 Deficiency Request to address Enforcement Program over-expenditures associated with legal action against one of its licensed firms.
- In FY 2000-01 the Board submitted another Deficiency Request for \$437,056.
- In FY 2000-01 the Board received an additional \$1.6 million repayment for monies borrowed by the State in fiscal year 1991-92.
- In a number of fiscal years, the Board has under-spent its Enforcement Program budget by amounts ranging from \$1 million - \$2 million.
- In fiscal year 2002-03, the Board received an extraordinary payment of \$2.7 million in cost recovery funds.
- In FY 2002-03, the State borrowed \$6 million from Fund.
- In FY 2003-04, the State borrowed \$270,000 from the Fund.
- Computer-based testing for the CPA Examination has reduced expenditure levels by \$1.5 million over the past two years, and there is insufficient information to equate costs and revenues.
- The Board is to receive, at some unspecified future date, a return of \$6.27 million loaned to the State in FYs 2002-03 and 2003-04.

#### ASSUMPTIONS AND CAVEATS

There are a number of variables to consider when projecting Accountancy Fund reserves, and the resultant "months of expenditures in reserve" (MIR) factor. Two such variables are the level of expenditures and the revenue projections used in the computations. This analysis conforms to calculations consistently used by the Department of Consumer Affairs (DCA) and control, agencies, which project reserve levels based on a presumption that a given agency will fully expend its budget each year.

Further, it should be noted that the same factors that have resulted in the Accountancy Fund reserve being at its current level could continue to affect the fund balance in the future, and could offset the impact of any fee reductions approved by the Board. Those variables most likely to result in the fund balance remaining at elevated reserve levels include high levels of cost recovery in the Enforcement Program, and savings from under-expenditure of budget authority.<sup>1</sup>

<sup>1</sup> The Board's annual Enforcement Program budget for complex case matters is approximately \$2 million — a sum that is not always expended yearly. This amount is appropriated annually to allow the Board budget flexibility to address any major enforcement matters that could not be anticipated. The absence of such a funding approach would preclude the Board from taking on the investigation and/or litigation of any major enforcement matter until after it pursued additional spending authority.

Staffing levels in the initial licensing function have been augmented over the past two years to address workload backlogs that were created as a result of the freeze in hiring as well as reduction of staff during California's fiscal crisis. This has resulted in a significant disparity between the administrative costs of operating the program and revenues collected to support the licensing function. The gap between costs incurred to provide initial licensing services and revenues produced by the current fee structure makes it clear that initial licensing fees need to be raised. Bringing stability to costs and revenues is necessary to be in compliance with statutes regarding this particular fee. Therefore a number of fee change scenarios displayed in this issue paper presume increasing licensing fees to comply with mandates stipulating that licensing fees are to be fixed at a level to cover the administrative costs of providing the licensing function.

This analysis will look at two factors only – projected workload and costs being incurred in the Initial Licensing Unit. Therefore, evaluation of the license fee is a rather straightforward computation – dividing the initial licensing program costs by the projected workload for the coming fiscal year.

The “number of units” of work that the initial licensing staff undertook last year is noted in the table below. Also reflected is the projected “workload units” for fiscal year 2005-06. This workload is the basis upon which fees must be established. Basically, total revenues produced by the fees charged to applicants requesting licensure or firms requesting registration under each of these avenues must be sufficient to fund the total costs of the initial licensing program.

**TABLE 2**  
**INITIAL LICENSURE PROGRAM\*\***  
**WORKLOAD “UNITS”**

<u>FEE CATEGORY</u>	<u>FY 2004-05</u> <u>ACTUAL</u>	<u>FY 2005-06</u> <u>PROJECTED</u>
Registration Fee, Corporations	166	163
Grades Acceptance – CPA	168	174
Issuance Application – CPA	2,391	2,456
Reissuance Certificate – CPA	56	53
Waiver of Examination – CPA	380	351
Registration Fee, Partnership	<u>91</u>	<u>86</u>
<b>TOTAL</b>	<b>3,252</b>	<b>3,283</b>

\*\* Includes both firms and individuals

Dividing the FY 2005-06 initial licensure budgeted costs detailed in Table I (\$1,407,961) by the projected workload (3,283) for this same period indicates that it will cost the Board on average \$429 to process each application for licensure and registration. Consequently, for the remainder of this analysis, the assumption is made that fees related to initial licensing and firm registration need to be fixed at \$425.

#### *Establishing the Biennial Renewal - Options*

Now that an assumption has been made regarding fee levels for the examination and initial licensing functions, the evaluation of the biennial renewal fee is the next step in this analysis. A number of hypothetical scenarios have been developed that demonstrate the impact of various fee levels on the Accountancy Fund over the next 5-year period. These scenarios are displayed

The secondary recommendation would be Option R120-L425, which also represents a viable approach to reducing the reserve to mandated levels, while simultaneously bringing licensure fees into compliance with mandates. However, as indicated by the MIR information in Table 3 above, this option barely brings the Board into compliance with Section 5134(f) by the start of fiscal year 2008-09.

Options R150-L250 and R150-L425 appear to be sound in terms of bringing the Fund reserve down to mandated levels in a three to four year period. However, it is not believed that this time frame is reasonable for complying with the mandates of Section 5134.

#### **IMPACT ON PRACTICE PRIVILEGE**

Section 5134 (i) of the Business and Professions Code states that "the annual fee to be charged an individual for a practice privilege...shall be fixed by the board at an amount not to exceed 50 percent of the biennial renewal fee...". Consequently, the Board should be aware that any change to the biennial renewal fee would also require a change in the practice privilege fee. Under the recommended Option R100-L425, the Practice Privilege fee will need to be reduced to \$50 from its current level of \$100.

This reduction is not considered substantive in terms of overall revenue production to the Board, given current estimates regarding the number of out-of-state CPAs that will apply for a practice privilege permit each year. However, should the Practice Privilege fee be reduced to \$50, the revenue generated by that fee level will not be sufficient to fund the Practice Privilege expenditures incurred by the Board – the program will generate an estimated revenue flow of \$50,000 versus expenditures of approximately \$100,000. Therefore, in conjunction with changing the biennial renewal fee, the Board might also want to consider revision to statutes tying the Practice Privilege fee to the renewal fee.

#### **CONCLUSION**

Staff recommend that the Board take action to implement Option R100-L425, in order to bring the Accountancy Fund into compliance with mandates stipulating contingency reserve levels. Staff believes that fixing the biennial renewal fee at \$100 will reduce the Accountancy Fund reserve at an acceptable rate, while simultaneously offering a degree of stability to the renewal fee. Additionally, though this option appears to reduce the reserve to a negative MIR by the end of fiscal year 2009-10, under-expenditure of budget authority, cost recovery revenues, and potential State repayment of borrowed funds over the ensuing four years will likely increase the reserve from the amounts projected. Option R100-L425 prudently allows the reserve to be brought down to mandated levels within a reasonable time frame, and also steers the Board into compliance with the Section 5134 mandate that licensing fees be fixed at a level that will "self fund" the licensing function.

#### **IMPLEMENTATION**

Changes to the biennial renewal fee and the license issuance/ firm registration fees that this issue paper recommends will need to be addressed separately. Lowering the biennial renewal fee can be accomplished through regulatory action, and sufficient time exists to enact this change by the July 1, 2006 – the beginning of fiscal year 2006-07. However, raising the license issuance and firm registration fees will require that legislation be enacted to raise the fee ceiling for licensure to at least \$425 but preferably \$500, in the event of the need for any future fee increases. Given the current time frames, it is likely that legislation needed to effect the higher fee could not be effective any sooner than January 1, 2007.

California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 1  
Status Quo  
\$200 Biennial Fee Level  
Initial Licensing Fee Unchanged

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	11,448,698	11,168,379	10,882,865
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>11,448,698</u>	<u>11,168,379</u>	<u>10,882,865</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	9,442,739	9,454,463	9,456,277	9,451,160
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	286,217	279,209	272,072
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>9,736,079</u>	<u>9,740,680</u>	<u>9,735,486</u>	<u>9,723,232</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>21,469,698</u>	<u>21,189,379</u>	<u>20,903,865</u>	<u>20,606,097</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>11,448,698</b>	<b>11,168,379</b>	<b>10,882,865</b>	<b>10,585,097</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>13.7</b>	<b>13.4</b>	<b>13.0</b>	<b>12.7</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.

California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 2  
Option R150-L425  
\$150 Biennial Fee Level  
Initial Licensing Fee @ \$425

e Change Effective July 1, 2006

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	10,383,321	9,014,055	7,612,518
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>10,383,321</u>	<u>9,014,055</u>	<u>7,612,518</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	8,377,362	8,392,151	8,394,111	8,387,874
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	259,583	225,351	190,313
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>8,670,702</u>	<u>8,651,734</u>	<u>8,619,462</u>	<u>8,578,187</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>20,404,321</u>	<u>19,035,055</u>	<u>17,633,518</u>	<u>16,190,704</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve, June 30</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>10,383,321</b>	<b>9,014,055</b>	<b>7,612,518</b>	<b>6,169,704</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>12.4</b>	<b>10.8</b>	<b>9.1</b>	<b>7.4</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.

California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 3  
Option R120-L425  
\$120 Biennial Fee Level  
Initial Licensing Fee @ \$425

Fee Change Effective July 1, 2006

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	9,388,536	6,999,626	4,552,870
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>9,388,536</u>	<u>6,999,626</u>	<u>4,552,870</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	7,382,577	7,397,376	7,399,254	7,393,069
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	234,713	174,991	113,822
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>7,675,917</u>	<u>7,632,089</u>	<u>7,574,245</u>	<u>7,506,891</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>19,409,536</u>	<u>17,020,626</u>	<u>14,573,870</u>	<u>12,059,761</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve, June 30</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>9,388,536</b>	<b>6,999,626</b>	<b>4,552,870</b>	<b>2,038,761</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>11.2</b>	<b>8.4</b>	<b>5.5</b>	<b>2.4</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.

California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 4  
Option R100-L425  
\$100 Biennial Fee Level  
Initial Licensing Fee @ \$425

e Change Effective July 1, 2006

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	8,725,346	5,656,672	2,513,105
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>8,725,346</u>	<u>5,656,672</u>	<u>2,513,105</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	6,719,387	6,734,192	6,736,016	6,729,865
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	218,134	141,417	62,828
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>7,012,727</u>	<u>6,952,326</u>	<u>6,877,433</u>	<u>6,792,693</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>18,746,346</u>	<u>15,677,672</u>	<u>12,534,105</u>	<u>9,305,797</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve, June 30</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>8,725,346</b>	<b>5,656,672</b>	<b>2,513,105</b>	<b>-715,203</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>10.4</b>	<b>6.8</b>	<b>3.0</b>	<b>-0.9</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.



California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 5  
Option R150-L250  
\$150 Biennial Fee Level  
Initial Licensing Fee @ \$250

a Change Effective July 1, 2006

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	9,790,723	7,810,995	5,783,452
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>9,790,723</u>	<u>7,810,995</u>	<u>5,783,452</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	7,784,764	7,796,504	7,798,182	7,793,150
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	244,768	195,275	144,586
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>8,078,104</u>	<u>8,041,272</u>	<u>7,993,457</u>	<u>7,937,736</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>19,811,723</u>	<u>17,831,995</u>	<u>15,804,452</u>	<u>13,721,188</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve, June 30</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>9,790,723</b>	<b>7,810,995</b>	<b>5,783,452</b>	<b>3,700,188</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>11.7</b>	<b>9.4</b>	<b>6.9</b>	<b>4.4</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.

California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 6  
Option R120-L250  
\$120 Biennial Fee Level  
Initial Licensing Fee @ \$250

e Change Effective July 1, 2006

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	8,795,938	5,796,566	2,723,806
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>8,795,938</u>	<u>5,796,566</u>	<u>2,723,806</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	6,789,979	6,801,729	6,803,326	6,798,345
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	219,898	144,914	68,095
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>7,083,319</u>	<u>7,021,627</u>	<u>6,948,240</u>	<u>6,866,440</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>18,816,938</u>	<u>15,817,566</u>	<u>12,744,806</u>	<u>9,590,246</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve, June 30</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>8,795,938</b>	<b>5,796,566</b>	<b>2,723,806</b>	<b>-430,754</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>10.5</b>	<b>6.9</b>	<b>3.3</b>	<b>-0.5</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.

California Board of Accountancy  
Accountancy Fund Reserve Analysis  
September 2005

Attachment 7  
Option R100-L250  
\$100 Biennial Fee Level  
Initial Licensing Fee @ \$250

e Change Effective July 1, 2006

	FY 2004-05 Actual	FY 2005-06 Projected	FY 2006-07 Projected	FY 2007-08 Projected	FY 2008-09 Projected	FY 2009-10 Projected
<b>Beginning Reserve, July 1</b>	8,925,107	12,032,186	11,733,619	8,132,748	4,453,613	684,041
Prior Year Adjustments	110,000					
<b>Total Adjusted Reserve</b>	<u>9,035,107</u>	<u>12,032,186</u>	<u>11,733,619</u>	<u>8,132,748</u>	<u>4,453,613</u>	<u>684,041</u>
<b>Revenues</b>						
Fee-based + Other Revenues	9,363,315	9,421,628	6,126,789	6,138,546	6,140,088	6,135,141
Examination	[990,741] (d)	[997,200] (d)				
Initial Licensing	[782,450] (d)	[796,017] (d)				
Interest (a)	224,938	300,805	293,340	203,319	111,340	17,101
Cost Recovery	242,419					
<b>Total Revenues</b>	<u>9,830,672</u>	<u>9,722,433</u>	<u>6,420,129</u>	<u>6,341,865</u>	<u>6,251,428</u>	<u>6,152,242</u>
<b>Total Resources</b>	<u>18,865,779</u>	<u>21,754,619</u>	<u>18,153,748</u>	<u>14,474,613</u>	<u>10,705,041</u>	<u>6,836,283</u>
<b>Expenditures (b)</b>						
Total Expenditures	6,859,804	10,040,000	10,040,000	10,040,000	10,040,000	10,040,000
Examination Costs	[728,252] (d)	[707,178] (d)				
Initial Licensing Costs (c)	[1,176,415] (d)	[1,407,961] (d)				
Less: Reimbursements (c)	-26,211	-19,000	-19,000	-19,000	-19,000	-19,000
<b>Total Expenses</b>	<u>6,833,593</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>	<u>10,021,000</u>
<b>Ending Reserve, June 30</b>	<b>12,032,186</b>	<b>11,733,619</b>	<b>8,132,748</b>	<b>4,453,613</b>	<b>684,041</b>	<b>-3,184,717</b>
<b>Months in Reserve</b>	<b>14.4</b>	<b>14.1</b>	<b>9.7</b>	<b>5.3</b>	<b>0.8</b>	<b>-3.8</b>

(a) Interest based on 2.5% of prior year ending balance

(b) Amounts for fiscal year 2004-05 represent actual expenditures. While it is not possible to accurately pinpoint expenditures in future years, projections consider past expenditure patterns for the Board and presume full expenditure of budgeted spending authority per methodologies used by DCA and DOF.

(c) Budgeted costs and reimbursements for fingerprinting have been eliminated from these computations.

(d) Revenues and expenditures for the examination function and initial licensing function are displayed for information purposes only.